

98-84333-8

Hewitt, Abram Stevens

Honest money for honest
labor

Washington

1884

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Hewitt, Abram Stevens, 1822-1903.

Honest money for honest labor; remarks of
Abram S. Hewitt ... delivered in the House of
representatives, April 1, 1884, on the bill to
retire the trade-dollar. Washington, 1884.
8 p. 21½ cm.

Vol. of pamphlets.



Only Fed

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TECHNICAL MICROFORM DATA

FILM SIZE: 35mm

REDUCTION RATIO: 12:1

IMAGE PLACEMENT: IA I IIA IB IIB

DATE FILMED: 2/11/98

INITIALS: FC.

TRACKING #: 30040

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HONEST MONEY FOR HONEST LABOR.

REMARKS

OF

ABRAM S. HEWITT,
OF NEW YORK,

DELIVERED IN THE

HOUSE OF REPRESENTATIVES,

APRIL 1, 1884,

ON

THE BILL TO RETIRE THE TRADE-DOLLAR.



WASHINGTON.
1884.

SPENCH
OF
HON. ABRAM S. HEWITT.

The House having under consideration the bill (H. R. 4976) for the retirement and recoinage of the trade-dollar—

Mr. HEWITT, of New York, said:

Mr. CHAIRMAN: I agree with the gentleman from Maine [Mr. DINGLEY] in his proposition that this House shall not sanction by any act the increase of the coinage of the standard silver dollar. But I go further than the gentleman from Maine. I think the time has come when this House should put its seal of condemnation upon the coinage of one single additional standard dollar. My friend from Missouri [Mr. BLAND] has achieved, I was going to say immortality, but certainly great renown, by having identified himself with a measure which according to his view has made 85 cents' worth of silver equivalent in value to \$1. He has done that by act of Congress, and he has done it on the principle of lifting ourselves by our shoulderstraps. Such experiments must always fail. If they could succeed, then my friend from Missouri has discovered the philosopher's stone which would enable us hereafter to dispense with all human efforts and to provide ourselves with all the comforts and luxuries of life by a simple act of Congress.

The gentleman from Missouri now comes into the House with another proposition, which suggests the old nursery rhyme of Mother Goose:

There was a man in our town
And he was wondrous wise,
He jumped into a bramble bush
And scratched out both his eyes;
And when he found his eyes were out,
With all his might and main,
He jumped into another bush
And scratched them in again.

[Laughter.]

The proposition which the gentleman now makes to this House is the proposition of free coinage for silver. By the restricted coinage which goes on under his bill of \$3,000,000 per month the Government is making on paper as he said \$300,000 of profit per month. By opening the mints to unrestricted coinage he would give up the nominal profit to the Government of \$300,000 per month and transfer a real profit of 15 per cent. into the pockets of those who shall be fortunate enough to get in first through the open doors of the mint with their silver bullion. Now, Mr. Speaker, let us apply to this novel proposition the test of fact and of simple principle.

The unit of value by law in the United States is the gold dollar, weighing 25.8 grains.

Mr. WARNER, of Ohio. When was it made so?

Mr. HEWITT, of New York. I am merely stating a fact, and in the time I have I do not wish to be interrupted. It was in 1854 that that was done. Now at 25.8 grains to the dollar an ounce of gold is worth \$18.00. By law the relative coinage value of gold and silver is as one to sixteen. Therefore the coinage value of the ounce of silver is \$1.16. We are able to go into the market to buy an ounce of silver at \$1.01, and taking the average of the last year, we are buying it at a little less now than \$1.01 per ounce.

What is the proposition of the gentleman from Missouri? That for the silver which we can buy in unlimited quantities in this or any other market in the world for 101 cents per ounce, he would pay out of the Treasury of this nation 1101 cents per ounce. In other words, he would give to every man who brings an ounce of silver to be coined 15 cents more in coin than the market value of that silver, and 15 cents more per ounce than it is or can be bought for by the Government for coining purposes.

Mr. BLAND. Will the gentleman yield for a moment?

Mr. HEWITT, of New York. I can not, for I have but a limited time.

Mr. BLAND. I am glad that I was more polite to the gentleman than he is to me.

Mr. HEWITT, of New York. I will yield all my time to the gentleman.

Mr. BLAND. I do not want it.

Mr. HEWITT, of New York. I will yield all my time.

Mr. BLAND. I yielded to the gentleman.

Mr. HEWITT, of New York. Yes; but the gentleman had an hour, while I have but fifteen minutes.

Mr. BLAND. I will not interrupt the gentleman.

RESULT OF FREE COINAGE.

Mr. HEWITT, of New York. The controversy is one of fact. What would happen? Of course all the world who are now trying to sell silver for 101 cents per ounce will come to our mints, where they could sell it for 116½ cents per ounce. It will be "the devil take the hindmost" in the rush to sell silver for 15 cents per ounce more than its market value.

And under his proposition the Government must take the silver and pay that rate for it. I suppose the gentleman from Missouri would provide a billion fund for this purpose. Has he ever considered the magnitude of the bullion fund which would have to be provided? There is supposed to be in existence in the world \$6,000,000,000 of silver; and the holders of the whole of that \$6,000,000,000 would rush to our mints under the gentleman's proposition. And if we were to buy it all and keep the mints open the bullion fund which we would have to provide would have to be on the scale of magnitude proportioned to so vast an operation. It would certainly provide an outlet at once for the idle and useless fund of \$126,000,000 of silver dollars now stored at great expense in the Treasury.

But no such thing would happen; the limitation would be the coinage capacity of our mints. To the extent of the coinage capacity of our

mints, which would probably not much if any exceed the silver production of this country, which is about \$40,000,000 worth per annum, the Government would be giving 15 per cent. more than the market value of silver bullion in this or any other markets in the world.

What is the next step? Every man who had thus received 116 cents per ounce for that which is worth in the markets of the world only 101 cents per ounce would hasten to put it into some form of useful value. First of all he would prefer gold, for gold will buy everything else in every market in the world. The consequence would be that the rush for gold would immediately raise it to a premium, and the limit of that premium will be just the difference in the bullion value of silver and gold. In other words, the premium would be 15 per cent., because, as everybody knows, gold and silver are dealt in by the money brokers all over the world on a margin of one-eighth of 1 per cent.

Then, when gold went up to a premium, the next rush would be to buy commodities with silver dollars on the old standard of value, and the price of commodities would all advance. They are bought and sold to-day at gold value, but the price would then advance with the premium on gold, and they would thereafter be sold at silver values. In other words, all the necessities of life would be rapidly advanced until they would purchase as much gold as they did before the premium existed.

WAGES OF LABOR.

Then the workingman who receives his wage of one or two dollars per day, as the case may be, and to whom the rise always comes late and sometimes never comes, would be compelled to buy his supplies at 15 per cent. advance. This measure, therefore, would operate as a deduction from the wages of labor of just 15 per cent.

Then what next would happen? I shall be told that this proposition would enable the poor man to pay his debts at 15 per cent. deduction from what he had agreed to pay; that this is sound in principle and a most beneficent feature of the plan. In resisting it I shall be told that I represent the capitalistic class and am the organ of Wall street. Now, the rich man knows how to take care of himself. The poor man does not know and can not know how to take care of himself, and we are sent here as far as possible to take care of him, and it is for that reason I strive to-day to expose the fallacy of a proposition which can only have the effect of making the rich richer and the poor poorer.

I resist, then, this proposition of the gentleman from Missouri, because, in the first place, it would rob the poor man of 15 per cent. of his present wages, measured by its purchasing power; and in the next place it would rob him of 15 per cent. of the hard earnings which he has saved against a rainy day. The rich men hold property which would rise in value with the premium on gold. They hold bonds of railroad companies, which by the letter of the contract are made payable in gold.

SAVINGS OF THE PEOPLE.

But all debts not payable in gold would be payable in silver. Where are those debts, and to whom do they belong? The great lenders of this country are the savings-banks, the mutual insurance companies, and the incorporated companies which hold in trust the savings of the poor and the earnings of labor. Their loans are made payable in lawful money, and will be paid off in the depreciated silver which will follow its free and unlimited coinage, for in the end the silver coins can

have no greater value than the market price of the bullion from which they are coined.

Therefore when this depreciation of 15 per cent. takes place all the loans made by savings banks, trust companies, and mutual insurance companies, amounting to more than \$100,000,000, representing the earnings of professional men who live upon salaries, the savings of clerks, the sole provision for widows and orphans would be payable in silver, to the loss in my city and in my district of millions of dollars laboriously saved by the most deserving classes of the community, and since the recent decision of the Supreme Court of the Legal-tender case, have no other protection than in the wisdom of Congress.

I represent a district in which there are but few capitalists. I represent 150,000 people who earn their daily bread by their daily labor. They are an industrious and saving constituency. Their money is in the savings-banks of the city of New York. You will be astonished to know it, but in the State of New York over \$500,000,000 of the savings of these people are to-day loaned out to be paid back in the money of the land. If that money be depreciated 15 per cent., then the people will lose 15 per cent. of all their accumulated earnings. And this depreciation is only the beginning of the downward course in the value of silver. The commercial world has outgrown the use of silver as a necessary tool of commerce. Gold and paper instruments of exchange have taken its place. They are better and cheaper tools of trade. Silver is relegated to its proper place as a convenient subsidiary money, of which the intrinsic value is of no consequence, so long as there is local redemption for it within the area where it circulates.

But gold pays international balances, and is and will remain the sole standard of value in the great markets of the world. Hence, Mr. Speaker, I oppose the whole proposition of the gentleman to open our mints to the free coinage of silver, for the reason that thereby the nation would lose at once 15 per cent. on all the silver which would flow into this country from foreign countries now earnestly seeking an opportunity to get rid of the heavy load of silver which weighs them down and embarrasses their finances. In the bank of France alone there are \$300,000,000 seeking a market. The German Government stopped the sale of its silver when it went below 55 penny to the ounce, and is waiting a chance to unload another one hundred millions on anybody that will buy it.

But outside of these countries, whence I have heard it said on this floor silver could not come because "the people of this country were not such fools as to buy the worthless stuff," outside of these countries are India and China, the sinks of silver for more than ten thousand years. In these countries gold is already at a premium of 15 per cent. as compared with silver; and men who could bring silver from India to this country and convert it into gold, as the gentleman from Missouri would allow them to do by his proposition for free coinage, would of course make all speed to gather up from all quarters the vast fund of silver in those countries, and dump it down upon the people of this land where the loss will fall upon the laboring classes who, unless we interpose for their benefit, will be helpless to protect themselves.

Gentlemen who flatter themselves that the silver of the world will not seek the market where bullion fetches the highest price deliberately shut their eyes to the inexorable laws of trade. Silver circulates in France at the ratio of 15½ to 1 of gold only because there is no coinage of silver

by the Latin Union. This coinage was suspended simply to avoid the depreciation of silver coins to the bullion value which would otherwise have taken place. Give it a market at more than its bullion value, and it will be replaced with gold as surely as the air rushes into a vacuum.

The depreciation of our silver coins, Mr. Speaker, would occur at once if the mints were now opened to the free coinage of silver. What would occur at once in that event, is just as sure to occur, if you allow time enough, under the limited coinage act of \$3,000,000 a month. This depreciation will be the slow but sure work of the monster steadily digging away at the foundations of the wealth and prosperity of this country, so that in a little while we shall be brought to the silver basis; and then all the consequences I have predicted will occur just as certainly as if the gentleman were able to carry out his plan of free coinage at once. In that proposition he is perfectly logical. If we are to go on with the coinage of silver at all, the unlimited coinage which the gentleman proposes is the only defensible position, and ought to be put into effect, if it were not for the disastrous consequences which would send a flood of ruin over this land.

But as I have said those consequences are unavoidable, whether we continue the limited coinage or initiate the free coinage of silver. Twice in my life have I witnessed the transfer in this country of vast masses of wealth from the possession of those who have created it, to the ownership of those who were shrewd or fortunate enough to profit by the situation. Once was when the legal-tender act was passed and creditors were forced to take 40 cents in payment of 100 cents which was their just due. Again, when the resumption of specie payment took place in 1873 persons who had borrowed 40 cents were forced to pay the debt with 100 cents. No tongue can describe the ruin and the misery caused by this wholesale transfer of property, the wrecks of which still survive in every State in this Union. It is because I hope to be spared the sad spectacle of another such unjust and unequal for reversal of the laws which ought to govern the acquisition and transfer of property, that I oppose, and shall oppose, the degradation of the standard of value, whereby one class of the community, and the most deserving as it is the most helpless class, is pillaged by law for the benefit of those who live by the sweat and toil of their less fortunate and more confiding fellow-men. [Applause.]

APPENDIX.

INDIA—FALLING OFF IN THE DEMAND FOR SILVER.

The India department of finance and commerce states the silver imports and exports of India, taking its trade with all countries for the last four years (the Indian fiscal year, like the British, ending March 31), as follows:

Fiscal year.	Imports.	Exports.	Net imports.
1877-'78.....	\$78,832,660	\$5,800,895	\$73,331,675
1878-'79.....	27,968,495	8,115,025	19,833,470
1879-'80.....	48,025,010	8,078,215	39,946,795
1880-'81.....	20,880,730	7,117,910	13,462,820

Table showing increase of circulation in the United States.

Date.	Total circulation.	Per capita.		
		Paper.	Coin.	Total.
October 1, 1880	\$1,225,359,234	\$14 10	\$10 66	\$24 76
October 1, 1881	1,329,518,612	15 56	14 93	30 49
October 1, 1882	1,566,653,693	15 81	15 42	31 23
October 1, 1883	1,730,598,074	17 63	16 88	34 51
<i>Total circulation in United States October 1, 1883.</i>				
Gold				\$608,197,000
Silver				240,399,000
Paper				884,002,074
Total				1,730,598,074

Table showing increase of silver in the United States Treasury.

Date.	Gold.	Silver.
	Per cent.	Per cent.
September 30, 1876	90.2	9.8
September 30, 1877	93.5	6.5
September 30, 1878	83.0	17.0
September 30, 1879	76.2	23.8
September 30, 1880	68.3	30.7
September 30, 1881	64.7	35.3
September 30, 1882	55.4	44.6
September 30, 1883	58.5	41.5

Table showing proportions of world's production of gold and silver.

Semi-decades.	Average yearly production.		Proportion.	Average price of silver.*
	Gold.	Silver.		
1852-1856	\$145,000,000	\$40,500,000	100 to 28	61½
1857-1861	127,184,000	41,220,000	100 to 32	61½
1862-1866	123,843,000	49,755,000	100 to 39	61½
1867-1871	123,251,000	53,115,000	100 to 43	60½
1872-1876	111,383,750	69,490,682	100 to 62	57½
1877-1878	113,822,085	78,338,158	100 to 69	53½
1879	105,365,697	81,037,220	100 to 77	51½
1880	106,346,786	86,704,978	100 to 90	52½
1881	107,202,733	102,309,675	100 to 95	51½
1882	103,161,532	109,446,395	100 to 106	51½

*Pence per ounce in London.

[Here the hammer fell.]

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